

SECTION 220—PREPARATION AND SUBMISSION OF PERFORMANCE BUDGETS

Highlights for the Preparation and Submission of Performance Budgets

Beginning with the budget for FY 2005, agencies will prepare a performance budget in lieu of the annual performance plan for their budget submission to OMB and the Congress. The performance budget should satisfy all statutory requirements for the annual performance plan which are summarized in this section.

(a) *In general.*

Beginning with the FY 2005 budget, an agency performance budget will substitute for the annual performance plan required by the Government Performance and Results Act. The performance budget will be integrated with other elements of the agency budget request to OMB in September and the agency Congressional justification in February. Your agency should consult with your congressional committees beforehand to ensure their awareness of your plans to modify the format of agency budget documents.

(b) *What is in a performance budget?*

A performance budget consists of a performance-oriented framework, in which strategic goals are paired with related long-term performance goals (outcomes) and annual performance goals (mainly outputs). The strategic goals span a number of agency programs and operations and may span different agency component organizations. The long-term and annual performance goals are usually program-specific and can be grouped and displayed by program. Target levels of performance are set for the performance goals. At a minimum, resources are aligned at the program level within this framework, and agencies are encouraged to align resources at the performance goal level. Resources should be fully costed, with centrally funded administrative services and support allocated to the programs.

The performance budget also includes other information needed to justify the agency budget request. Requirements for this additional information are either set out elsewhere in Circular No. A-11 (for the performance budget sent to OMB) or by your agency's congressional committees (for the performance budget submitted to Congress).

The performance budget is organized as a hierarchy of goals. At the top of the pyramid are strategic goals, which are statements of aim or purpose and may cover several or more agency programs. If strategic goals cover programs in other agencies, the performance budget should describe how a portfolio of inter-agency programs will help attain the broadly stated aims of a strategic goal. For each strategic goal, there are usually several outcome goals, and for each outcome goal, there typically are several output goals.

The resources requested for each program should be the amount needed to achieve the target levels for the performance goals for the program.

The performance budget includes information from the PART assessments, where available, including all performance goals used in the assessment of program performance done under the PART process. Until all programs have been assessed by the PART, the performance budget will also for a time include performance goals for agency programs that have not yet been assessed using the PART. The PART assessments are initially prepared by OMB and the agencies prior to agency submission of its performance budget. Subsequently, OMB will use these assessments to help make budget decisions as

the budget is formulated. The performance measure data included in the PARTs and Congressional justification will need to be updated to reflect the budgetary resources and associated performance targets included in the President's budget.

The performance budget displays up to six years of performance data for every performance goal, including for the budget year, current year, past year, and three additional past years of data. Only three years of resource data are required. Agencies need not include historical performance data for newly established goals.

The means and strategies the agency intends to use to help achieve the performance goals should be included (see [section 51](#)).

(c) *How does the performance budget relate to the strategic plan and the annual performance report, including the performance and accountability report?*

The strategic goals and the long-term performance goals should be set out in the agency strategic plan. These goals serve as the organizing framework for the performance budget. The annual performance report presents information on how well the agency achieved the target levels in the past year. (See sections [26](#) and [230](#).) The Congressional justification may include additional and updated past year performance data.

In the design of your Congressional justification, you should take special care to identify those performance goals in the Congressional justification against which actual performance will be compared in your annual performance report.

(d) *Ensuring that the performance budget is publicly available.*

The performance component of the agency Congressional justification should be readily available to the public. Publication of the performance component on the WorldWideWeb is strongly encouraged. Having an overview document that also presents the performance component may prove useful.